

Exhibit 5:

Tax return for Asheville Art Center, Inc.

(Merrimon Avenue tenant)

ending

Form 1120S (2008) **Asheville Arts Center, Inc.**

Page 2

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory: (i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (Specify method used and attach explanation) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year enter percentage (or amounts) of closing inventory computed under LIFO

9d ☐ Yes ☐ No

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶		
2 See the instructions and enter the: a Business activity ▶ Art School b Product or service ▶ Music & Dance		
3 At the end of the tax year, did the corporation own directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned was a QSub election made?		X
4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. ▶ <input type="checkbox"/>		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ▶ \$		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year \$		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1.		X

Schedule K Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 -14,560
2 Net rental real estate income (loss) (attach Form 8825)	2
3a Other gross rental income (loss)	3a
b Expenses from other rental activities (attach statement)	3b
c Other net rental income (loss) Subtract line 3b from line 3a	3c
4 Interest income	4
5 Dividends: a Ordinary dividends	5a
b Qualified dividends	5b
6 Royalties	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
b Collectibles (28%) gain (loss)	8b
c Unrecaptured section 1250 gain (attach statement)	8c
9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10

Form 1120S (2008)

Form 1120S (2008) **Asheville Arts Center, Inc.**

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Shareholders' Pro Rata Share Items (continued)		Total amount
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Contributions Stmt 2	12a 750
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type (2) Amount	12c(2)
	d Other deductions (see instructions) Type	12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d Other rental real estate credits (see instructions) Type	13d
	e Other rental credits (see instructions) Type	13e
	f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f
	g Other credits (see instructions) Type	13g
Foreign Transactions	14a Name of country or U S possession	
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level	14c
	Foreign gross income sourced at corporate level	
	d Passive category	14d
	e General category	14e
	f Other (attach statement)	14f
	Deductions allocated and apportioned at shareholder level	
	g Interest expense	14g
	h Other	14h
	Deductions allocated and apportioned at corporate level to foreign source income	
	i Passive category	14i
	j General category	14j
	k Other (attach statement)	14k
Other information		
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m Reduction in taxes available for credit (attach statement)	14m	
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) items	15a Post-1986 depreciation adjustment	15a
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties-gross income	15d
	e Oil, gas, and geothermal properties-deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c 7,057
	d Property distributions	16d
	e Repayment of loans from shareholders	16e
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18 -15,310

Form 1120S (2008)

Form 1120S (2008) **Asheville Arts Center, Inc.**

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		1,369		237
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	((
3	Inventories				
4	U S government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders		133,435		123,132
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	30,088		39,315	
b	Less accumulated depreciation	(7,585	22,503	(9,415	29,900
11a	Depletable assets				
b	Less accumulated depletion	((
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	((
14	Other assets (attach statement)				
15	Total assets		157,307		153,269
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement) Stmt 3		16,001		36,255
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		119,525		117,593
21	Other liabilities (attach statement)				
22	Capital stock		10,000		10,000
23	Additional paid-in capital				
24	Retained earnings		11,781		-10,579
25	Adjustments to shareholders' equity (attach statement)				
26	Less cost of treasury stock	((
27	Total liabilities and shareholders' equity		157,307		153,269

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1	Net income (loss) per books	-22,367	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6	Deductions included on Schedule K lines 1 through 12 and 14l not charged against book income this year (itemize):	
a	Depreciation \$ 0		a	Depreciation \$	
b	Travel and entertainment \$ 1,927		7	Add lines 5 and 6	
Stmt 4	5,130	7,057	8	Income (loss) (Schedule K, line 18). Line 4 less line 7	-15,310
4	Add lines 1 through 3	-15,310			

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders undistributed taxable income previously taxed
1	Balance at beginning of tax year	11,781	
2	Ordinary income from page 1 line 21		
3	Other additions		
4	Loss from page 1, line 21	(14,560	
5	Other reductions Stmt 5	(7,807	0
6	Combine lines 1 through 5	-10,586	
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-10,586	

671108

OMB No. 1545-0130

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008 or tax

year beginning

ending

☐ Final K-1

☐ Amended K-1

Shareholder's Share of Income, Deductions, Credits, etc.

▶ See back of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number

41-1962205

B Corporation's name address city state and ZIP code

Asheville Arts Center, Inc.

308 Merrimon Avenue

Asheville NC 28801

C IRS Center where corporation filed return

e-file

Part II Information About the Shareholder

D Shareholder's identifying number

200000000

E Shareholder's name, address city state and ZIP code

Heather L Taft

PO Box 8323

Asheville

NC 28814-8323

F Shareholder's percentage of stock ownership for tax year

100.000000 %



For IRS Use Only

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits
	-14,560		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis
		C*	STMT
12	Other deductions		
G	750		
		17	Other information

* See attached statement for additional information.

Form **4562**
Department of the Treasury
Internal Revenue Service

(99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2008Attachment
Sequence No. **67**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Asheville Arts Center, Inc.

Identifying number

0000000000

Business or activity to which this form relates

Regular Depreciation**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4	Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	1,741
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property	8/15/08	9,227	39 yrs.	MM	S/L	89
				MM	S/L	

Section C—Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property Enter amount from line 28	21	
22	Total Add amounts from line 12, lines 14 through 17 lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	1,830
23	For assets shown above and placed in service during the current year enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2008)

DAA

There are no amounts for Page 2

5 Part 1 Page 8 of 21
Federal Statements**Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions**

<u>Description</u>	<u>Amount</u>
Automobile Expense	\$ 300
Bank Charges	1,787
Business Insurance	3,597
Claims	1,480
Contract Services	679
Credit Card Fees	9,103
Dance supplies	733
Drama Supplies	10,735
Dues & Subscriptions	1,139
Equipment Lease	641
Instructor Expenses	134,407
Miscellaneous	75
Music Supplies	18,540
Networking	31
Office Supplies	3,621
Parking Lot Rent	2,000
Preschool Expenses	7,331
Professional Fees	18,011
Program Expense	308
Registration fees	250
School supplies	10,194
Space Rental	775
Travel	172
Utilities	19,696
Website	1,400
50% of Meals & Entertainment	1,927
Total	<u>\$ 248,932</u>

Federal Statements

Statement 2 - Form 1120S, Page 3, Schedule K, Line 12a - Contributions

Description	Cash		Noncash		Noncash		Cap Gain		Cap Gain		Total
	Cash	Contrib 50%	Cash	Contrib 30%	Contrib 50%	Contrib 30%	Prop 30%	Prop 20%	Prop 20%	Total	
Various Organized Charities	\$ 750	\$	\$	\$	\$	\$	\$	\$	\$	\$	750
Total	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750	750

5 Part 1 Page 10 of 21
Federal Statements

Statement 3 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

Description	Beginning of Year	End of Year
Payroll Tax	\$ 7,423	\$ 28,015
due To Nora Vitro	8,000	8,000
Other current Liabilities	578	240
Total	\$ 16,001	\$ 36,255

Statement 4 - Form 1120S, Page 4, Schedule M-1, Line 3 - Expenses on Books Not on Return

Description	Amount
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Total	\$ 5,130

Statement 5 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

Description	Amount
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Disallowed Entertainment Exp	1,927
Charitable Contributions	750
Total	\$ 7,807

5 Part 1 Page 11 of 21
Federal Statements**Heather L Taft**
302-74-2212**Schedule K-1, Box 16, Code C - Nondeductible Expenses**

<u>Description</u>	<u>Amount</u>
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Page 1 Meals/Entertainment	1,927
Total	<u>\$ 7,057</u>

5 Part 1 Page 12 of 21
Federal Asset Report
Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	Per Conv Meth	Prior	Current
Non-Residential Real Property:									
1	Leasehold Improvements	8/15/08	9,227			9,227	39 MMS/L	0	89
			<u>9,227</u>			<u>9,227</u>		<u>0</u>	<u>89</u>
Prior MACRS:									
3	Leasehold Improvements	7/15/07	19,500			19,500	39 MMS/L	229	500
4	Equipment	7/15/07	10,588			10,588	5 HY 200DB	7,356	1,241
			<u>30,088</u>			<u>30,088</u>		<u>7,585</u>	<u>1,741</u>
Grand Totals			39,315			39,315		7,585	1,830
Less: Dispositions			0			0		0	0
Less: Start-up/Org Expense			0			0		0	0
Net Grand Totals			<u>39,315</u>			<u>39,315</u>		<u>7,585</u>	<u>1,830</u>

5 Part 1 Page 13 of 21
AMT Asset Report
Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Non-Residential Real Property:										
1	Leasehold Improvements	8/15/08	9,227				9,227	39 MMS/L	0	89
			<u>9,227</u>				<u>9,227</u>		<u>0</u>	<u>89</u>
Prior MACRS:										
3	Leasehold Improvements	7/15/07	19,500				19,500	39 MMS/L	229	500
4	Equipment	7/15/07	10,588				10,588	5 HY 200DB	7,356	1,241
			<u>30,088</u>				<u>30,088</u>		<u>7,585</u>	<u>1,741</u>
Grand Totals			39,315				39,315		7,585	1,830
Less: Dispositions			<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
Net Grand Totals			<u>39,315</u>				<u>39,315</u>		<u>7,585</u>	<u>1,830</u>

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ACE Asset Report
Form 1120S, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Non-Residential Real Property:										
1	Leasehold Improvements	8/15/08	9,227				9,227	39 MMS/L	0	89
			<u>9,227</u>				<u>9,227</u>		<u>0</u>	<u>89</u>
Prior MACRS:										
3	Leasehold Improvements	7/15/07	19,500				19,500	39 MMS/L	229	500
4	Equipment	7/15/07	10,588				10,588	5 HY 200DB	7,356	1,241
			<u>30,088</u>				<u>30,088</u>		<u>7,585</u>	<u>1,741</u>
Grand Totals			39,315				39,315		7,585	1,830
Less: Dispositions			<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
Net Grand Totals			<u>39,315</u>				<u>39,315</u>		<u>7,585</u>	<u>1,830</u>

Depreciation Adjustment Report
All Business Activities

<u>Form</u>	<u>Unit</u>	<u>Asset</u>	<u>Description</u>	<u>Tax</u>	<u>AMT</u>	<u>AMT Adjustments/ Preferences</u>
<u>MACRS Adjustments:</u>						
Page 1	1	1	Leasehold Improvements	89	89	0
Page 1	1	3	Leasehold Improvements	500	500	0
Page 1	1	4	Equipment	1,241	1,241	0
				<u>1,830</u>	<u>1,830</u>	<u>0</u>

Future Depreciation Report **FYE: 12/31/09****Form 1120S, Page 1**

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
Prior MACRS:					
1	Leasehold Improvements	8/15/08	9,227	236	236
3	Leasehold Improvements	7/15/07	19,500	500	500
4	Equipment	7/15/07	10,588	796	796
			<u>39,315</u>	<u>1,532</u>	<u>1,532</u>
Grand Totals			<u>39,315</u>	<u>1,532</u>	<u>1,532</u>

Form 1120S	Retained Earnings Reconciliation Worksheet	2008
For calendar year 2008 or tax year beginning _____, ending _____		
Name Asheville Arts Center, Inc.		Employer Identification Number 31-1010510

Schedule L - Retained Earnings

Retained Earnings - Unappropriated	0	
Accumulated Adjustments Account	-10,586	
Other Adjustments Account	0	
Undistributed Previously Taxed Income	0	
 Schedule L, Line 24 - Retained Earnings	 <u>-10,586</u>	

Schedule M-2 - Retained Earnings

	Accumulated Adjustments Account	Other Adjustments Account	Undistributed Previously Taxed Income	Retained Earnings Unappropriated/ Timing Differences	Total Retained Earnings
Beg Yr Bal	11,781	0	0	0	11,781
Ordinary Inc (Loss)	-14,560				-14,560
Other Additions					
Other Reductions	7,807	0			7,807
Distributions					
 End Yr Bal	 <u>-10,586</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>-10,586</u>

Form 1120S	Schedule K-1 Summary Worksheet	2008
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Name Asheville Arts Center, Inc.	Employer Identification Number [REDACTED]
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	Shareholder Name	SSN/EIN
Column A	Heather L Taft	[REDACTED]
Column B		
Column C		
Column D		

Schedule K Items	Column A	Column B	Column C	Column D	Sch K Total
1 Ordinary income	-14,560				-14,560
2 Net rental RE inc					
3c Net other rental inc					
4 Interest income					
5a Ordinary dividends					
5b Qualified dividends					
6 Royalties					
7 Net ST capital gain					
8a Net LT capital gain					
8b Collectibles 28% gain					
8c Unrecap Sec 1250					
9 Net Sec 1231 gain					
10 Other income (loss)					
11 Sec 179 deduction					
12a Contributions	750				750
12b Invest interest exp					
12c Sec 59(e)(2) exp					
12d Other deductions					
13a,c Low-inc house 42j5					
13b,d Low-inc house other					
13e Qualif rehab exp					
13f Rental RE credits					
13g Other rental credits					
13h Fuel alcohol credit					
13i Other credits					
14b Gross inc all src					
14d-f Total foreign inc					
14g-k Total foreign deds					
14l Total foreign taxes					
14m Reduct in taxes					
15a Depr adjustment					
15b Adjusted gain (loss)					
15c Depletion					
15d Inc-oil/gas/geoth					
15e Ded-oil/gas/geoth					
15f Other AMT items					
16a Tax-exempt interest					
16b Other tax-exempt					
16c Nonded expense	7,057				7,057
16d Total property dist					
16e Shr loan repmts					
17a Investment income					
17b Investment expense					
18 Income (loss)	-15,310				-15,310

5 Part 1 Page 19 of 21
Federal Statements**Form 1120S, Page 3, Schedule K, Line 16c - Nondeductible Expenses**

<u>Description</u>	<u>Amount</u>
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Page 1 Meals/Entertainment	1,927
Total	<u>\$ 7,057</u>

Gabler Molis & Company, PA
32 Orange St
Asheville, NC 28801-2914
828-281-3161

March 10, 2010

CONFIDENTIAL

Heather L Taft
PO Box 8323
Asheville, NC 28814-8323

Dear Heather:

We have prepared the enclosed copy of Form 1120S, Schedule K-1 for Asheville Arts Center, Inc.. It contains your share of the corporation's items of income (loss), credits and deductions, and other information for the corporation's tax year ended December 31, 2008. These items are to be reported on your federal income tax return; therefore, this Schedule should be retained with your tax records and documentation.

Also enclosed is state K-1 information, if applicable. This information should also be retained with your tax records and documentation.

If you have any questions, or if we can be of assistance in any way, please do not hesitate to call.

Sincerely,

Gabler Molis & Company, PA